

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 ACDA-07 IO-13 PM-04 L-03 H-01 DODE-00 PA-01
PRS-01 /111 W
-----241755 030125 /47

R 241657Z FEB 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5900
USMISSION USBERLIN
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 03402

E.O. 11652: GDS
TAGS: PFOR PGOV WB GW US UK FR
SUBJECT: PROPOSAL FOR BONN GROUP STUDY ON BERLIN
ECONOMIC VIABILITY

REFS: (A) BONN 3115; (B) STATE 28989

BEGIN SUMMARY. REACTIONS OF THE OTHER BONN GROUP MEMBERS TO THE US PROPOSAL FOR A STUDY ON THE ECONOMIC VIABILITY OF BERLIN HAVE BEEN FAIRLY PREDICTABLE. THE GERMANS HAVE WELCOMED THE PROPOSAL, THE FRENCH HAVE DOUBTS, AND THE BRITISH HAVE ASKED FOR INSTRUCTIONS. ALL THREE HAVE EXPRESSED SERIOUS RESERVATIONS ABOUT THE POSSIBILITY OF MOVING VERY FAR WITH A STUDY IN THE TEN WEEKS BETWEEN NOW AND THE MAY QUADRIPARTITE MEETING. WE WILL CONTINUE TO PRESS FOR EARLY AGREEMENT ON UNDERTAKING THE STUDY. MEANWHILE,
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COMMENTS FROM USBER ON HOW MUCH OF THE NECESSARY INFORMATION COULD BE PROVIDED BY BERLIN MISSIONS WOULD BE USEFUL AS A MEANS OF MOVING THE PROPOSAL ALONG.
END SUMMARY.

1. IN FEBRUARY 15 MEETING, US REP FORMALLY INTRODUCED INTO THE BONN GROUP THE DEPARTMENT'S PROPOSAL FOR A STUDY

ON BERLIN'S ECONOMIC VIABILITY. WE MADE ORALLY THE POINTS IN PARAS 1-4, REF (B) AND TABLED A PAPER CONTAINING THE CONCEPTS AND EXAMPLES IN PARA 5. IN CONCLUSION, WE EXPRESSED THE HOPE BONN GROUP COULD AGREE TO THE STUDY IN PRINCIPLE AS SOON AS POSSIBLE SO THAT A PRELIMINARY REPORT AND RECOMMENDATIONS COULD BE CONSIDERED AT THE MAY QUADRIPARTITE MEETING.

2. AS UK AND FRANCE HAD BEEN INFORMED OF US PROPOSAL BY DEPARTMENT, THEIR REPS WERE PREPARED TO COMMENT ON THE PROJECT. FRG REP ALSO GAVE HIS PRELIMINARY VIEWS.

3. UK REP (CARTER) SAID HIS AUTHORITIES WOULD STUDY THE PROPOSAL. HIS FIRST REACTION, HOWEVER, WAS THAT A COMPETENCE PROBLEM EXISTED. HE WONDERED WHETHER THE BONN GROUP WAS COMPETENT TO UNDERTAKE THE PROJECT AS MUCH OF IT INVOLVED ECONOMIC QUESTIONS. INDEED, SOMEONE CLOSER TO BERLIN MIGHT BE BETTER QUALIFIED. THERE WAS ALSO A TIME PROBLEM IF IT WAS TO BE READY BY MAY.

4. FRENCH REP (BOISSIEU) COMMENTED ON A PERSONAL BASIS THAT THERE HAD BEEN A NUMBER OF STUDIES IN RECENT YEARS WITH NO RESULT. HE ALSO DOUBTED WHETHER THE BONN GROUP WAS COMPETENT AND WHETHER HE HIMSELF COULD EVEN SERIOUSLY DISCUSS THE ISSUES. ON THE OTHER HAND, HE HAD ALWAYS FELT THE BONN GROUP SHOULD WIDEN ITS FOCUS TO INCLUDE SOCIAL, ECONOMIC AND CULTURAL ASPECTS OF BERLIN AND IN THAT SENSE HE WELCOMED THE AIM OF THE STUDY. BUT
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HE DOUBTED THAT THE STUDY WOULD ACCOMPLISH THAT AIM.

5. FRG REP (HENZE) WELCOMED THE PROPOSAL. HE COULD SEE THE PRACTICAL PROBLEMS OF HAVING THE BONN GROUP DO IT AND SUGGESTED THAT THE FRG MIGHT PROVIDE A FIRST DRAFT PUT TOGETHER BY THE RELEVANT MINISTRIES AND THE CHANCELLERY, AS WELL AS THE FOREIGN OFFICE. HENZE ADDED THAT IT WOULD BE DIFFICULT TO COMPLETE THE PAPER BY MAY PARTICULARLY IF CHANGES WERE REQUIRED, AS WAS THE CASE WITH THE REPRESENTATION STUDY.

6. US REP RESPONDED TO THE VARIOUS COMMENTS BY SUGGESTING THAT THE BONN GROUP COULD TAKE OVER-ALL CHARGE OF THE STUDY BY SERVING AS A KIND OF EDITORIAL GROUP PULLING TOGETHER CONTRIBUTIONS FROM THOSE WITH EXPERTISE. HE APPRECIATED THE FRG OFFER TO DRAFT AND AGREED THAT A MAJOR INPUT WOULD BE REQUIRED FROM THE VARIOUS FRG MINISTRIES RESPONSIBLE FOR THE VIABILITY OF BERLIN. HE THOUGHT ALSO, HOWEVER, THAT

MUCH OF THE INFORMATION WOULD HAVE TO COME FROM BERLIN
AND, BECAUSE IT CONCERNED THE ALLIED ROLE IN
SUPPORTING THE VIABILITY OF THE CITY, WOULD REQUIRE AN

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INPUT FROM ALLIED MISSIONS. HE SUGGESTED THAT IT MIGHT
BE DESIRABLE TO CALL UPON THE MISSIONS, THROUGH THE AK
ECONOMICS COMMITTEE (A POSSIBILITY WHICH EMBASSY HAD
PREVIOUSLY DISCUSSED WITH USBER) TO BEGIN DRAFTING
THOSE SECTIONS OF THE REPORT WHICH WERE WITHIN THEIR
COMPETENCE. THE MISSIONS WOULD ALSO BE ABLE TO CALL
UPON THE SENAT FOR ASSISTANCE.

7. AS REPORTED IN REF (A), THE US PROPOSAL WAS DISCUSSED
ON FEBRUARY 17 AMONG THE THREE AMBASSADORS AND STATE
SECRETARY GEHLHOFF AT THE QUADRIPARTITE LUNCHEON.

8. THE US REP REOPENED THE SUBJECT AT THE FEBRUARY 23
BONN GROUP MEETING, EXPRESSING THE HOPE THAT ALL
MEMBERS HAD RECEIVED INSTRUCTIONS WHICH WOULD PERMIT

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AGREEMENT IN PRINCIPLE TO EMBARK ON THE STUDY. HE REMINDED THE BONN GROUP OF THE NEED FOR SPEED IF A REPORT WAS TO BE PREPARED FOR THE MAY MEETING.

9. CARTER STATED THAT HE HAD NOT YET RECEIVED COMMENTS FROM LONDON. AS AMBASSADOR WRIGHT HAD STATED ON FEBRUARY 17, AS A MATTER OF PRINCIPLE HE WELCOMED THE IDEA. HE WAS NOT YET CLEAR, HOWEVER, ON WHAT FORM THE STUDY MIGHT TAKE, AND HE COULD ONLY REITERATE DOUBTS ABOUT HAVING ANYTHING READY BY MAY.

10. HENZE REFERRED TO GEHLHOFF'S STATEMENT AT THE QUADRIpartite LUNCHEON, WELCOMING THE US PROPOSAL BUT NOTING THAT IT SEEMED UNLIKELY THAT THE STUDY COULD BE FINISHED IN TIME FOR THE MAY MEETING. HENZE SAID FOR THE FRG THE ONLY QUESTION WAS TIMING; HE AND HIS OFFICE HAD BEEN UNABLE TO WORK ON ANYTHING BUT THE EC FISHERIES NEGOTIATIONS OVER THE PAST WEEK. HENZE NEVERTHELESS UNDERTOOK TO TALK WITH THE FRG MINISTRIES WHICH WOULD BE REQUIRED TO PROVIDE THE NECESSARY INFORMATION AND TO THE BERLIN REPRESENTATION. HE SUGGESTED THAT AFTER RECEIVING SOME PRELIMINARY OPINIONS FROM THE OUTSIDE EXPERTS THE BONN GROUP SHOULD THEN DISCUSS THE QUESTION OF TIMING.

11. BOISSIEU ALSO REFERRED TO THE VIEWS EXPRESSED BY HIS AMBASSADOR AT THE QUAD LUNCHEON. WHILE ACKNOWLEDGING THAT HE HAD NO INSTRUCTIONS FROM PARIS, HE SAID THAT THE FRENCH CONTINUED TO HAVE DOUBTS AS TO THE FEASIBILITY AND USEFULNESS OF THE PROPOSED STUDY. HE ADMITTED THAT THERE WERE PROBLEMS CONNECTED WITH VIABILITY ON WHICH WE MIGHT DO MORE THAN WE ARE PRESENTLY DOING, BUT HE THOUGHT IT WAS DIFFICULT TO DEAL WITH SUCH MATTERS IN A STUDY. IT WOULD BE BETTER TO DEAL WITH THEM "IN THE KINDS OF MEETINGS TO WHICH STATE SECRETARY GEHLHOFF HAD REFERRED" (I.E.,
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MEETINGS OF THE THREE AMBASSADORS WITH SENIOR CHANCELLERY OFFICIALS). FINALLY, BOISSIEU SAID HE COULD NOT VISUALIZE A STUDY WHICH WOULD CONTAIN ANY MORE THAN A COMPILATION OF DATA WITH POSSIBLE COMMENTS ON THINGS THAT SHOULD BE DONE BUT CONCERNING WHICH NO ONE HAD ANY USEFUL IDEAS.

12. US REP RESPONDED THAT HE DID NOT SHARE BOISSIEU'S PESSIMISM AS TO WHAT MIGHT COME OUT OF THE STUDY AND THAT IT WAS IN ANY CASE PREMATURE TO JUDGE THE OUTCOME UNTIL THE STUDY HAD BEEN CONDUCTED. SENIOR OFFICIALS IN THE US, AND HE ASSUMED IN THE OTHER ALLIED COUNTRIES WERE OFTEN ASKED WHAT WE WERE DOING TO COMPLEMENT FRG EFFORTS TO MAINTAIN THE VIAIBILITY OF BERLIN. THE STUDY SHOULD PROVIDE SENIOR OFFICIALS A BETTER OVERVIEW OF THE SITUATION AND USEFUL IDEAS ON WHAT MORE MIGHT BE DONE.

13. COMMENT: WE WILL CONTINUE TO PRESS FOR EARLY AGREEMENT ON GETTING THE STUDY UNDER WAY. AS THE INITIATIVE WILL UNDOUBTEDLY HAVE TO REMAIN WITH THE US, IT MIGHT BE HELPFUL AS A NEXT STEP IF USBER COULD REVIEW THE DEPARTMENT'S SUGGESTIONS FOR CONTENT OF THE STUDY AND PROVIDE AN INDICATION OF WHICH PORTIONS OF IT COULD BE PREPARED BY THE BERLIN MISSIONS, EITHER INDIVIDUALLY OR THROUGH THE ECONOMICS COMMITTEE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEES, ECONOMIC ESTIMATES, ECONOMIC TRENDS, BERLIN QUADRIPARTITE MATTERS, STUDIES
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN03402
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770064-0742
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770215/aaaaamsx.tel
Line Count: 245
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0675c1bf-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 BONN 3115, 77 STATE 28989
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3245391
Secure: OPEN
Status: NATIVE
Subject: PROPOSAL FOR BONN GROUP STUDY ON BERLIN ECONOMIC VIABILITY
TAGS: PFOR, PGOV, WB, GE, US, UK, FR
To: STATE USBERLIN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0675c1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009